

FREQUENTLY ASKED QUESTION  
REGULATION OF MEMBER OF BOARD OF GOVERNORS NO.  
22/14/PADG/2020  
ON PROCEDURE FOR LICENSING AND OPERATION OF CENTRAL  
COUNTERPARTIES FOR OVER-THE-COUNTER INTEREST RATE AND  
EXCHANGE RATE DERIVATIVE TRANSACTIONS

1. Q : What is the objective of the issuance of this Regulation of Member of Board of Governors?

A : Regulation of Member of Board of Governors aims to establish an efficient, orderly, organized, and transparent financial market with integrity through the establishment of a central counterparty for over-the-counter interest rate and exchange rate derivative transactions (CCP SBNT). CCP SBNT mitigates interconnectedness and credit risk arising from bilateral transactions to break down segmentation in the domestic market and support the establishment of an in-depth, liquid, efficient, inclusive, and secure market.
2. Q : What does the central counterparty for over-the-counter interest rate and exchange rate derivative transactions (CCP SBNT) mean?

A : Central Counterparty for Over-the-Counter Interest Rate and Exchange Rate Derivative Transactions (CCP SBNT) means an institution which interposes itself between parties conducting SBNT Derivative Transactions and acts as a buyer for a seller and as a seller for a buyer.
3. Q : What licenses and approvals are required to obtain by CCP SBNT from Bank Indonesia?

A : CCP SBNT is required to obtain a license from Bank Indonesia that conducted in the following 2 (two) phases:

  - a. Principal approval, and

b. Operating license.

In addition, CCP SBNT is required to obtain approval of Bank Indonesia in any of the following events:

- 1) Change of Independent Commissioner and/or Director in Charge of CCP SBNT; and
- 2) Corporate actions.

4. Q : What if a CCP SBNT has changed its Independent Commissioner and/or Director in charge of CCP SBNT through a General Meeting of Shareholders (GMS), but it has not obtained the approval of Bank Indonesia?

A : An Independent Commissioner and/or Director in Charge of CCP SBNT, which has obtained the approval of and appointed by the GMS but has not obtained the approval of Bank Indonesia, may not perform any actions, duties, and functions as an Independent Commissioner and/or Director in Charge of CCP SBNT.

5. Q : How much is the capital requirement for a company to establish CCP SBNT?

A : A prospective CCP SBNT company must have capital minimum of Rp400,000,000,000.00 (four hundred billion rupiah).

6. Q : What should a CCP SBNT do if its capital below Rp400,000,000,000.00 (four hundred billion rupiah) during its course of business?

A : In the event that the capital of a CCP SBNT below Rp400,000,000,000.00 (four hundred billion rupiah), the CCP SBNT is required to cover such shortage not later than 1 (one) year as from the capital decrease.

7. Q : What are the obligations of CCP SBNT?

A : CCP SBNT must meet the following obligations:

1. Have good corporate governance
2. Have a risk management framework

3. Apply effective management of credit, liquidity, business, custody, investment, and operational risk.
4. Ensure the final settlement of obligations arising from interest rate derivative and exchange rate transactions.
5. Conduct cash settlement in rupiah by using rupiah funds of CCP SBNT's account in Bank Indonesia.
6. Have the policy and procedure for the management of Member default.
7. Have the policy and procedure for segregation and portability of transaction position, Default Fund Contribution, Initial Margin, and Variation Margin of Members.
8. Determine objective, risk-based, and transparent criteria and requirements for Members.
9. Provide effective and efficient SBNT Derivative Transactions for Members.
10. Disclose complete and transparent information on:
  - a. rights and obligations of Members and CCP SBNT;
  - b. CCP SBNT rule book;
  - c. fees;
  - d. SBNT Derivative Transactions data; and
  - e. other information related to membership in CCP SBNT.

8. Q : When will this Regulation of Member of Board of Governors come into force?

A : This Regulation of Member of Board of Governors comes into force on 1 June 2020.